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August 22, 2019

Mr. Dennis Lee
Interim Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Ave, 2nd Floor
San Francisco, CA 94102

Dear Mr. Lee:

The Safety and Enforcement Division ("SED") of the California Public Utilities Commission conducted a G.O. 112, Operation and Maintenance Inspection of Southern California Gas Company's ("SoCalGas'") Honor Rancho Storage from May 20, 2019 to May 23, 2019. SED conducted field inspections of pipeline facilities in the Honor Rancho Storage within the Inspection Unit. SED's staff also reviewed the Operator Qualification program, which included field observation of randomly selected individuals performing covered tasks.

SED staff identified 3 probable violations and 23 areas of concern. Attached SoCalGas' written responses.

Please contact Troy A. Bauer at (909) 376-7208 if you have any questions or need additional information.

Sincerely,

Troy A. Bauer

CC:
Gordon Kuo, SED
Mahmoud Intably, SED
Kan-Wai Tong, SED
Claudia Almengor, SED

2019 SoCalGas Honor Rancho Storage
5/20/2019 to 5/23/2019

Notice of Probable Violations

1. During the field inspection, SED staff observed that the aboveground pipelines had a missing /damaged pipe support that may cause undue strain and excessive vibration at the following locations:
    1. Valve Station 4 - HR-NG-VS4-003 – Missing support (dead end flange)
    2. Valve Station 1- Missing support for the flange
    3. Withdrawal dead end flange outside the compressor building had a missing pipeline support

    Title 49 CFR 192.161 Supports and anchors.
    (a) Each pipeline and its associated equipment must have enough anchors or supports to:
        (1) Prevent undue strain on connected equipment;
        (2) Resist longitudinal forces caused by a bend or offset in the pipe; and
        (3) Prevent or damp out excessive vibration.

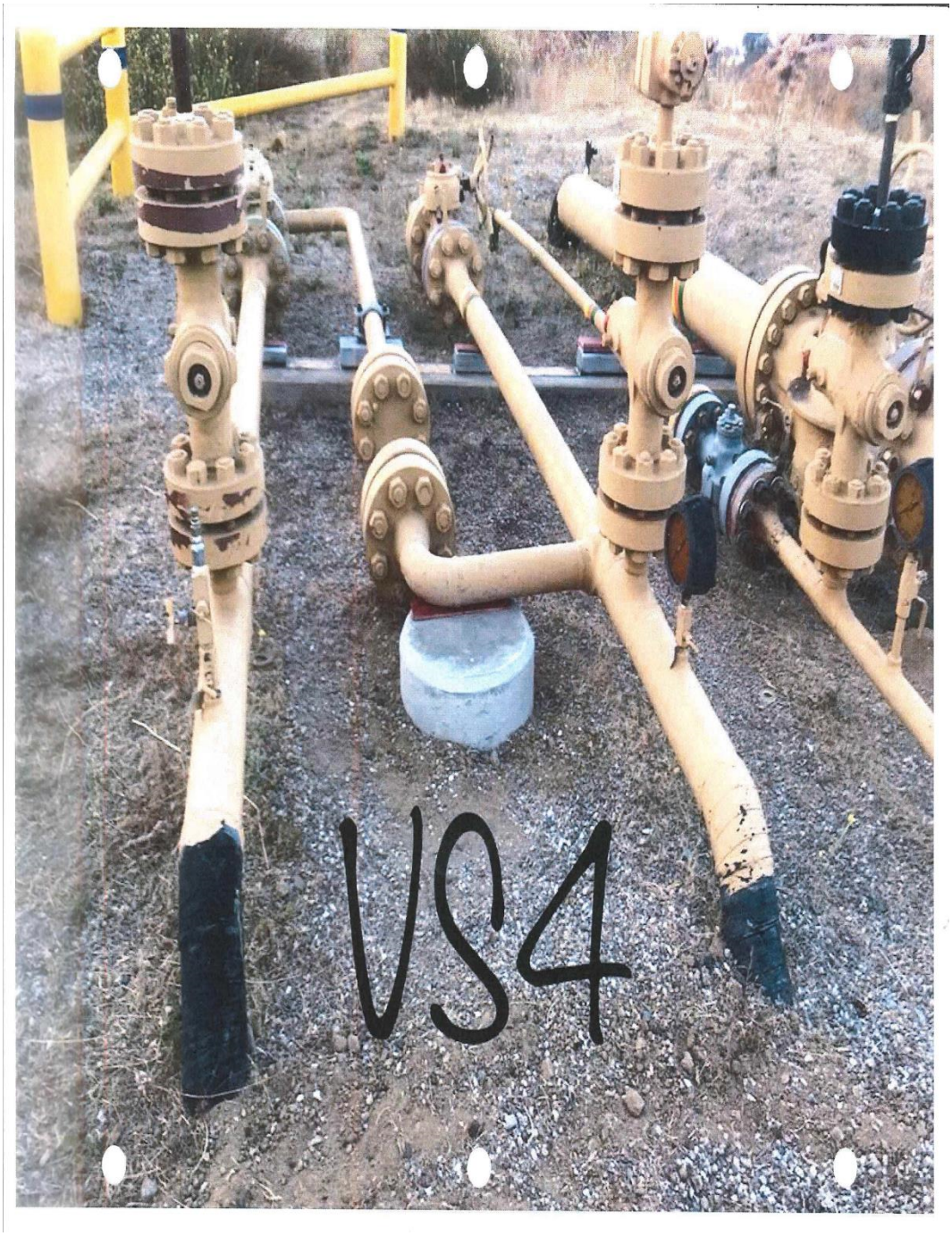
    Therefore, SED found that SoCalGas is in violation of GO 112-F, Reference Title 49 CFR, Part 192, Section 192.161(a).

    Response:

    SoCalGas disagrees that these three aboveground pipelines locations are a probable violation of 49 CFR Part 192.161: *Supports and Anchors*, as our preliminary pipe stress analyses indicate the piping is within allowable stress limits. However, SoCalGas, as a prudent operator, took the recommendations of SED and added additional supports to each location.

1. Maximo work order # 7057358 (completed 6/24/19) was issued to add additional support at Valve Station # 4.

    See picture below:

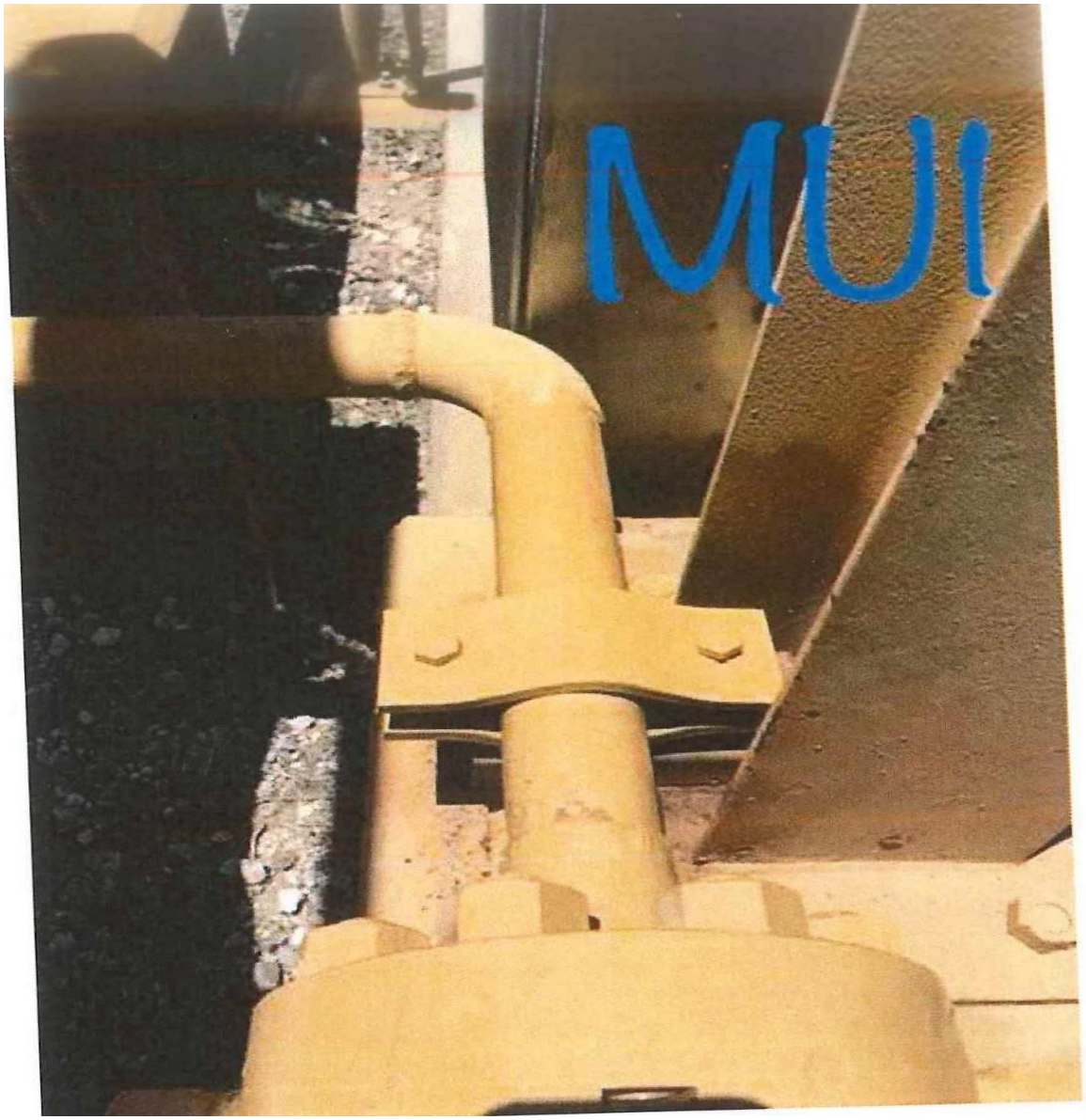

VS4

2. Maximo work order # 7057964 (completed 7/5/19) was issued to add additional support for flange at Valve Station # 1.

   See picture below:

3. Maximo work order # 7057348 (completed 6/26/19) was issued to add a bracket to support the dead-end flange outside the compressor building.

See picture below:



Concern and Recommendations

1. During the field inspection, SED observed that the Cathodic Protection ("CP") reading at test station HR-WF-17.10-P, was out of tolerance (-0.81V). SED recommends that SoCalGas take remedial action to address the low CP read.

   Response:

   Maximo work order # 7030857 was created to document/record this work. SoCalGas has taken prompt action and corrected the low CP read at test station HR-WF-17.10-P. After investigation and remediation efforts, the reading at the test station was in tolerance (-0.861 V) as of 8/6/19.

2. During the field inspection, SED staff observed that an aboveground pipeline near valve station 11 had a missing line marker. SED recommends that SoCalGas install and maintain the line marker.

   Response:

   Recommendation has been addressed and work has been completed.

   Maximo work order # 7053755 (completed 6/24/19) was issued to install new pipeline markers at Valve Station #11.

3. During the field inspection, SED staff observed that SoCalGas' aboveground pipelines had atmospheric corrosion and damaged (dis-bonded) coatings at soil-to-air interfaces at the following locations:
   - (a) Near CP read point HR-WF-17.10-P-pipe to soil coating damage
   - (b) Well #16 – atmospheric corrosion, paint chippings, and cracks
   - (c) Well #24– atmospheric corrosion
   - (d) Well # WEZU 22 near weld junction at HR-WF-22.10-P– atmospheric corrosion, paint chippings, and cracks\
   - (e) Well # WEZU 22 near relief Valve HRW-022-RV1–atmospheric corrosion, paint chippings, and cracks
   - (f) Valve station #12– atmospheric corrosion
   - (g) Outside Compressor Building near ESD Station #15– atmospheric corrosion, paint chippings

   SoCaGas' Gas Standard 184.12 Inspection of Pipelines on Bridges and Spans, Section 4.1.4 states in part:

   "Deterioration of protective coatings:
   1. If the pipe is wrapped, are there any cracks or voids?
   2. If the pipe is painted, are they any chips, cracks, and/or flaking?"

SED recommends that SoCalGas gives particular attention at soil-to-air interfaces and take remedial action whenever necessary to maintain protection on the aboveground pipeline against atmospheric corrosion

Response:

All recommendations have been addressed and work has been completed.

(a) Maximo work order # 7079926 (completed 7/9/19) for area at Well site area # 17.
(b) Maximo work order # 7053756 (completed 6/24/19) for area at Well # 16.
(c) Maximo work order # 7057356 (completed 6/26/19) for area at Well # 24.
(d) Maximo work order # 7074209 (completed 7/8/19) for area at Well # WEZU 22 near weld junction.
(e) Maximo work order # 7074209 (completed 7/8/19) for area at Well # WEZU 22 near relief valve.
(f) Maximo work order # 7057357 (completed 6/26/19) for area at Valve Station # 12.
(g) Maximo work order # 7057348 (completed 6/26/19) for atmospheric corrosion near compressor building exterior.

4. 1) During the field inspection, SED staff observed the following:
   - (a) Well # WEZU 13 had a leak at the grease fitting of HRW-013-01, a leak at K2, HRW-013-K2, and a leak at Emergency safety box.
   - (b) Well # 16 had a leak at emergency safety box, HR-NG-446.
   - (c) C7 – Fire Training site, a displaced/out of position insulation (Micarta) under pipe HR-WF-3F-B-P. In addition, a pipeline bracket support was pushing against the pipe support bracket at pipe #HR-WF-1-WD-P.
   - (d) Outside Compressor building, an injection pipe near ESD station #16 has a loose bracket support, a crack foundation on the injection side near ESD station #16, and a tubing carrying lubrication oil for the compressor was leaking.
   - (e) The emergency lighting system at the compressor station had two light bulbs burned-out.
   - (f) Valve Station #5 had heavy vegetation in contact with above ground pipelines and soil erosion.
   - (g) Valve station #1 -Near HR-WF-01-OK-P had a missing insulation (Micarta) between the support and the pipe.

   SoCalGas‘ Gas Standard 184.12 Inspection of Pipelines on Bridges and Spans, Section 4.1.8 requires employees to clear vegetation in contact with pipelines, Section 4.1.6 requires employees to make note of erosion where the pipe contacts the ground, and Section 4.1.5 requires pipelines to have proper insulation between the support and the pipe.

   SED recommends that SoCalGas take appropriate corrective measure to clear vegetation, to address the erosion, to have proper insulation between the support and pipe, to replace the burned light bulbs, and repair the gas leaks.

   Response:

   All recommendations have been addressed and work has been completed.

(a) Maximo work orders # 7050434 (completed 6/12/19), # 7003665 (completed 6/21/19), # 705431(completed 6/12/19), and # 7047016 (completed 6/14/19) were issued for the four leaks noted at WEZU 13.
(b) Maximo work order # 7047018 (completed 6/14/19) was issued for the leak noted at Well # 16.
(c) Maximo work order # 7057330 (completed 6/24/19) was issued to address items at C7 span at Fire Training area.
(d) Maximo work order # 7057348 (completed 6/26/19) was issued to tighten bracket support and fix crack near ESD station # 16 outside compressor building.
(e) Maximo work order # 7057963 (completed 6/20/19) was issued for bulb replacement at the compressor building.

2) During the field inspection, SoCalGas' employee stated to SED's staff that he would not be able to perform the inspection on the YZ odorant injection unit because of a nearby gas leak. SED reviewed the Gas Standard for the YZ odorant injection unit inspection and did not find any section indicating that such inspection should be aborted in case of a nearby gas leak. SED recommends that SoCalGas review its training manuals and inspection procedures to ensure such inspection could be performed accordingly.

Response:

The entire inspection of the YZ odorant injection unit was conducted by an SoCalGas employee with the exception of one item, manually; stroking the pump. Manually stroking the pump could not be performed because the system was in standby mode. When engineering deems the YZ odorant system should be taken out of standby mode and placed into operational mode, the inspection item pertaining to manually stroking the pump will occur and be documented appropriately. The YZ odorant injection unit was placed in standby mode as a precaution prior to beginning the nearby excavation work. Engineering was notified that the unit was placed in standby mode. Engineering confirmed during an on-site verbal conversation that, based on prior analysis, supplemental odorization is not currently required for withdrawal of gas from Honor Ranch. During the nearby excavation work, a liquid odorant leak (not a gas leak) was discovered and mitigated.

3) During the field inspection, SED staff observed a leakage survey on an SoCalGas pipeline by Eric Chavez and found that Mr. Chavez did not follow SoCalGas' Gas Standard to visually examine and survey above ground facilities.
SoCalGas' Gas Standard 223.0100 Leakage Surveys, Section 4.5.2 states in part:

> *"Survey shall include visual examination of all above ground facilities"*

SoCalGas' Gas Standard 223.0100, Section 4.5.5.6 states in part:

> *"Survey all risers and other above ground Company Infrastructure including meters set assemblies"*

SED recommends that SoCalGas take the appropriate measure to ensure its employees are familiar with and following applicable Gas Standards when performing compliance duties.

Response:

During the field leakage survey observation by SED the original employee, Levon Chakmakjian, became ill. Therefore, Eric Chavez was called in to finish the task.

Local SoCalGas management met with Mr. Chavez to review the SED recommendation and the applicable Gas Standard. Local SoCalGas management is confident that Mr. Chavez has the knowledge, skills and ability to perform this work, and that he is familiar with and follows the applicable Gas Standard.

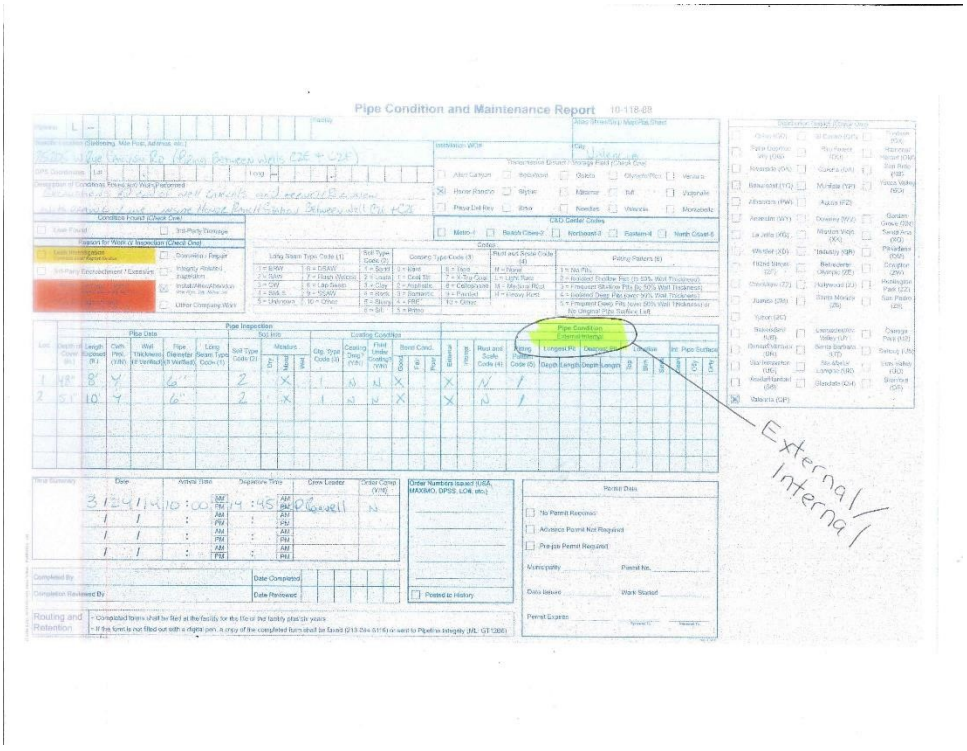
Local SoCalGas management will continue to emphasize the importance (and processes) of visual inspections of the aboveground facilities during an upcoming refresher training for leak survey.

4) During record review for work order #91216 (year 2016), the SoCalGas PCMR Form did not include a section to log the pipeline conditions from internal corrosion inspection/examination when a pipeline is exposed. SED recommends that SoCalGas add the section in the PCMR Form for documentation of the internal corrosion inspection/examination of its pipelines.

Response:

The PCMR form has a section for documenting both the External and Internal pipeline conditions.

See picture below:



5) During record review, SED found that the inspection records for the fire hydrant (test and certification) were missing for year 2018. SED recommends that SoCalGas retain and organize appropriate records to ensure compliance.

Response:

An annual Preventative Maintenance Maximo work order has been created to manage/complete the fire hydrant inspection going forward.

6) During the record review, SED found that the following work orders were missing a checklist/ supervisor approval:

- Work order #5936646 (year 2015) – Supervisor did not review/approve the work order
- Work order #6044900 (year 2016) – Supervisor did not review/approve the work order
- Work order #6815155 (year 2018) – Missing Bridge and Span Inspection Checklist and supervisor did not review/approve the work order.

SoCalGas' Gas Standard 184.12 Inspection of Pipeline on Bridge and Span, Section 2 requires employees to complete the Bridge and Span Inspection Checklist and Field Supervisors to review all inspection information.

SED recommends that SoCalGas remind its supervisors the importance of completing the work reviews according to the Gas Standard.

Response:

Section 2 of Gas Standard 184.12 *Inspection of Pipeline on Bridge and Span* requires employees to complete the checklist and field supervisors to review all inspection information only when there is a condition identified with a "yes" answer on the "Bridge and Span Inspection Checklist."

SoCalGas has reminded its supervisors of the importance to review the work orders when a condition is identified on the checklist with a "yes" answer per the Gas Standard.